

Settlement Memorandum of Understanding

1. Fidelity & Guaranty Ins. Co. ("Fidelity") will pay to the Seekonk Water District/Town of Seekonk, Mass, the sum of Fifty thousand dollars (\$50,000.00);

2. The parties hereto agree to Release all claims asserted in the action entitled Fidelity & Guaranty Ins. Co. v. Star Equip. Corp., et al, # 1:04-cv-10250-EFH (D. Mass.) except that Star, Charlene Foran & John Foran do ~~not~~ Release Star, and Fidelity do not Release claims & defenses they have against each other.

3. This settlement is conditioned upon:
(a) Approval by appropriate municipal authorities; and
(b) Execution of customary releases and settlement agreement.

Dated: March 4, 2006

Seekonk Water District

By Robert T. Luller CHAIRMAN
By [Signature] ATTORNEY FOR

STAR EQUIPMENT, by

Charlene Foran

John Foran

Charlene Foran

John Foran

John Foran

John Foran

John Foran

John Foran

John Foran

John Foran

AS TO FORM:

JAMES J. JIMMICK
COUNSEL FOR STAR
AND THE FORANS

[Signature]

[Signature]

FIDELITY & GUARANTY INS. CO.

By its attorney,

[Signature]

ERIC H. COFFLER